

Sale of City-owned Property

Department of Finance

October 25, 2016



Background

- The City aggressively seeks to dispose of property no longer needed for a public purpose
- Three different approaches are used, depending on the type of property
- Disposal can return property to the tax rolls, reduce City maintenance costs, also providing a higher and best use

Disposal of City-owned Property

- Advertised for Sale - This approach is often used for remnants that do not have significant development potential
- Streamlined Request for Proposal (RFP) - For property used by the City, but within an area that has an adopted plan for higher and better use
- RFP - For parcels with potentially strategic use, an RFP process is used to solicit offers

Sale Proceed Considerations

- The recording of revenue (net of fees) is dependent on the initial asset acquisition and related funding
- If initially acquired using bond proceeds, federal funds, Tax Increment Financing, Local Sales Tax funds, etc., net proceeds are returned to those funds
- Proceeds with no restrictions or remaining debt outstanding have been recorded to the General Fund
- No formal policy exists regarding disposition of sale proceeds

Net Sale Proceeds 2014-2015

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FUND RECEIVING PROCEEDS	FY 2014	FY 2015	TOTALS
Landfill Post-Closure Fund	\$1,134,836	\$0	\$1,134,836
Debt Service Fund	65,776	263,541	329,317
Grant Funds	55,468	160,250	215,718
General Fund	154,581	1,506,808	1,661,389
Total Net Sale Proceeds	\$1,410,661	\$1,930,599	\$3,341,260

Uses of Sale Proceeds

- In 2015, the City Council approved several specific one-time uses of net sale proceeds from the General Fund
 - \$25,000 was used to supplement Project Access
 - \$150,000 was used to increase funding to Kansas Global Trade Services
 - \$250,000 was provided as a capital contribution to the Child Advocacy Center

Policy Considerations

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- Proceeds first must satisfy any legal requirements or restrictions, and retire any applicable debt or liens
- Any remaining funds could be “unrestricted” and deposited based on a standardized policy or specific policy direction in unique circumstances
- Unrestricted funds should be used for non-recurring purposes and could be directed for specific priority areas based on Council direction

Proposed Policy Recommendations

1. Net proceeds are directed based on relevant legal or regulatory requirements
2. Net proceeds are used to retire any applicable debt or other obligation
3. Any remaining net proceeds will be considered “unrestricted”

Proposed Policy Recommendations

4. Unrestricted proceeds would be deposited 45% in the Economic Development Fund with the remaining 55% in the General Fund
5. Funds deposited to the General Fund could be allocated for use the following year for one-time projects, non-recurring purposes, and to improve outcomes in priority areas at the City Council's direction

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